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STATEMENT

PROPERTY CASUALTY INSURERS ASSOCIATION OF AMERICA (PCI)

H.B. 6349 – *AN ACT CONCERNING RIDE-SHARING COMPANIES AND DRIVERS*

COMMITTEE ON TRANSPORTATION

March 2, 2015

The Property Casualty Insurers Association of America (PCI) appreciates the opportunity to comment on Proposed H.B. 6349, an act concerning ride-sharing companies and drivers. Our comments are provided on behalf of the member companies of PCI, a national property casualty trade association with over 1,000 member companies. PCI member companies provide 44 percent of Connecticut's auto insurance coverage.

Transportation network companies (TNCs) and the ride share business model has blurred the lines between what has traditionally been thought of as personal or commercial use of an automobile. While PCI supports innovation in transportation and insurance and PCI does not oppose the TNC concept, there are essential elements which must be addressed regarding insurance to ensure there are no insurance gaps, that personal lines auto insurance is not forced to subsidize TNC activities and that clear rules and disclosures are provided so as to ensure that all parties understand the potential implications of participating in TNC activities. PCI strongly supports the adoption of legislation to address these issues.

Personal auto insurance policies generally do not cover commercial activity and the typical standard personal auto insurance policy contains a "livery" exclusion which applies when the vehicle is being rented out or used to carry passengers for hire. Consequently, most personal auto insurance policies do not cover damages or losses when a car is being used for commercial ride sharing. Accordingly, Connecticut's Insurance Commissioner, the National Association of Insurance Commissioners and twenty other insurance departments or public service commissions have issued consumer alerts or advisories highlighting the potential insurance gaps in coverage for TNC activity. California was the first state to adopt legislation to address TNC regulatory issues in 2014 and since then, four other during this period. If only contingent coverage is provided by the TNC, the driver or pedestrian would be required to submit their claim first to the TNC driver's personal auto insurer and then would have to wait, potentially for an extended period, while the claim was investigated and any denial potentially litigated, before they could then submit the claim to the TNC insurer for payment.

Imagine the scenario in which a driver's car is damaged by a TNC driver with contingent coverage during period one. Under this scenario, the driver may have to wait for many months or longer to go through the process and potential litigation involved with having the personal auto carrier deny the claim prior to the TNC carrier taking over to cover that claim. It seems patently unfair and unreasonable to put a driver in this situation where they may not be able to get their car repaired during this time and may not have any other means of transportation. This scenario is even more problematic if there are injuries resulting from an accident with a TNC driver with contingent coverage.

It should be noted additionally that period one may be a particularly risky/dangerous period due to the fact that during this time, the TNC driver will be driving while possibly looking at their phone to determine whether there are rides to accept. Further, because the closest driver to the ride requestor will get the ride, it is likely that TNC drivers may frequent areas where the most rides are requested so as to make it more likely that they will receive more rides. TNC drivers may be unfamiliar with these areas which may make an accident more likely and they may be congregating in a certain area, thereby increasing traffic congestion and increasing the risk of an accident. This potentially increased risk during period one makes the TNC contingent coverage even more problematic.

In order for TNCs and other transportations innovations to be viable and grow, it is important that insurance requirements are clear. Otherwise, costly disputes will arise and innovation, both from the insurance industry and from transportation companies, may be stifled. Requiring primary coverage during the entire time of TNC activity will provide the necessary clarity to support innovation, ensure fairness and minimize consumer burdens and confusion.

Accordingly, for all of the foregoing reasons, PCI urges the committee to advance legislation to establish reasonable and clear insurance requirements for TNCs in Connecticut.